

PRESS RELEASE

Europe's semiconductor industry ranks second in EU R&D intensity scoreboard even in turbulent times, as EU sets itself to discuss how to boost innovation and key enabling technologies.

Brussels, 3rd of February, 2010:

With a ratio of 18.1% of annual R&D expenditure over annual sales, the semiconductor industry is Europe's second most R&D intensive sector. Its R&D intensity is over six times that of the EU industry average. Semiconductors rank alongside other sectors such as biotechnology or pharmaceuticals as a *High R&D intensity* sector, with semiconductor R&D investment hitting the 4 billion EURO mark for 2008 amongst the surveyed companies. The European R&D intensity average is calculated at 2.7%, growing at 7.8% for 2008.

This was reported by the European Commission's *EU Industrial R&D Investment Scoreboard* published at the end of 2009. Also at the worldwide level semiconductors ranked third with an overall R&D intensity of 15%, again behind biotechnology and also pharmaceuticals and almost five times above the 3.3% world average, which grew 7% in 2008.

ESIA President and CEO of Infineon Technologies Peter Bauer commented that "*The industry was able to maintain these high figures despite already being hit by the financial crisis in the last quarter of 2008. I expect us to come out again at the very top end of this league both in Europe and worldwide for the 2009 figures and beyond.*"

R&D intensity belongs to the unique characteristics of the semiconductor industry. High capital intensity, high growth, cyclical & volatile markets, the high degree of globalisation, commitment to environment, safety & health, the intellectual capital creation and the role of governments are further characteristics typical of this industry.

Bauer again: "*As enabling technology, R&D results in micro/nanoelectronics also strongly influence many other fields. They therefore constantly drive innovation and reach well beyond the industry itself.*"

The source of such a high intensity of R&D investment by the semiconductor industry are the companies themselves who dedicate up to over 20% of their sales for R&D. Public funding available to the semiconductor industry comes from the participation in public-private partnership programmes focused on micro/nanoelectronics at both EU and national level (ENIAC, FP7, EUREKA/CATRENE, national programmes). Representing around 10% of the total R&D investment, public funding levels for this sector fare rather badly in global comparison – a concern that has been heard by the EU Commission.

The figures of the Investment Scoreboard come out just at a time when the European Parliament holds its first debates on how to proactively foster its so-called *key enabling technologies*¹ and what should become of Europe's innovation policy. Semiconductors remain key to both of these.

- Table follows -

¹ See COM (512/3) September 30, 2009

Industry Association of:

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Ranking of high R&D intensity EU industries in the 2009 Scoreboard*				
Rank	Sub-sector (4-digit ICB) ²	R&D investment 2008 (€m)	Net sales in 2008 (€m)	R&D intensity (%)
1	Biotechnology	770.7	4075.9	18.9
2	Semiconductors	3942.9	21818.2³	18.1
3	Pharmaceuticals	19485.3	122097.6	16.0
4	Software	3188.8	22976.8	13.9
5	Telecommunications equipment	11848.8	89651.6	13.2
6	Leisure goods	1856.1	30057.6	6.2
7	Aerospace & defence	7376.3	122563.2	6.0
8	Automobiles & parts	30116.7	567862.8	5.3

* High R&D intensity = Ratio of R&D investment over net sales higher than 5 %.
Source: The 2009 EU Industrial R&D Investment Scoreboard European Commission, JRC/DG RTD.

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ABOUT EECA-ESIA: The Mission of the European Semiconductor Industry Association (EECA-ESIA) is to represent, promote and defend the vital interests of the European-based semiconductor industry and ensure its competitiveness in the global market. The semiconductor industry provides the key enabling technologies at the forefront of the development of the Information Society. This sector supports around 115,000 jobs directly and up to 500,000 induced jobs in Europe, in a market valued at over EUR 21bn (\$30bn) in 2009.

Website: www.eeca.eu

² At an aggregate industry level, the semiconductor part remains tucked away under the category 'Technology Hardware & Equipment'. Only a 4-digit level gives the semiconductor-specific picture.

³ Sales reflect those of the semiconductor companies involved in the Scoreboard survey. WSTS figures show overall European sales valued at €26 bn in 2008